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**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the  
Commission's Own Motion into the Service  
Quality Standards for All Telecommunications  
Carriers and Revisions to General Order 133-B

Rulemaking 02-12-004  
(Filed December 5, 2002)

**REPLY COMMENTS  
of  
THE UNITED STATES DEPARTMENT OF DEFENSE AND  
ALL OTHER FEDERAL EXECUTIVE AGENCIES**

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COMES NOW the United States Department of Defense and All Other Federal Executive Agencies ("DOD/FEA") and HEREBY SUBMITS these Reply Comments.

**I. INTRODUCTION**

DOD/FEA maintains facilities of all sizes and types throughout California. In the aggregate, DOD/FEA is probably the largest consumer of telecommunications services in the state. Moreover, Federal legislation, as well as good procurement policy, requires that Government agencies procure supplies and services through competitive bids whenever possible. Only by competition among carriers can the Government be assured of obtaining the greatest number of goods and services at the lowest prices in a manner that fosters the introduction of new technologies.

As end users of services at thousands of locations throughout California, DOD/FEA has supported the Commission's efforts to bring the benefits of competitive markets to consumers of all telecommunications services. For example, DOD/FEA was

active throughout R.05-04-005 to address the Uniform Regulatory Framework, with written comments, participation in conferences, attendance at hearings, and briefs to address issues concerning the regulation of telecommunications services in an environment with competition and alternative modes of telecommunications.

The Commission initiated the instant proceeding, R.02-12-004, to address service quality measurements and standards for telecommunications carriers.<sup>1</sup> Several of the Commission's decisions in other cases deferred service quality issues to this proceeding, which has continued for five years. Recently, the Commission deferred several service quality issues, including performance monitoring reports, from R.05-04-005 to this proceeding.

DOD/FEA is concerned with the quality of local telecommunications services in California. As DOD/FEA explained in its Comments in R.05-04-005, users depending on competitive procurement methods, such as government agencies, need reliable data to compare the quality of services offered by alternative suppliers.<sup>2</sup> Information reported by carriers to regulatory agencies in a consistent format is less susceptible to bias and potentially more useful to end users than claims in advertising and marketing presentations by the carriers themselves.

In its Comments in R.05-04-005, DOD/FEA described the needs of end users for accurate data on service quality.<sup>3</sup> Also, DOD/FEA described performance data submitted to the Federal Communications Commission ("FCC") by the largest local exchange carriers ("LECs") under the Automated Reporting Management Information System ("ARMIS").<sup>4</sup> Because of its recent submission in R.05-04-005 addressing service quality issues, DOD/FEA did not provide opening comments on May 14, 2007,

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<sup>1</sup> Assigned Commissioner's Ruling and Scoping Memo, March 30, 2007.

<sup>2</sup> R.05-04-005, Comments of DOD/FEA, February 7, 2007.

<sup>3</sup> *Id.*, p. 3.

<sup>4</sup> *Id.*, p. 5.

to address this topic in the present proceeding. However, in these Reply Comments, DOD/FEA will address submissions in this case by several other parties.

## **II. CONTRARY TO ASSERTIONS BY CARRIERS, THE COMMISSION SHOULD MAINTAIN AN EFFECTIVE SERVICE QUALITY MONITORING SYSTEM.**

In comments submitted on May 14, 2007, local exchange carriers ("LECs") contend that the California Commission should maintain only a minimum level of surveillance, if any, over the quality of telecommunications services in this state. For example, AT&T California ("AT&T"), the state's largest carrier, contends that competition alone is effective in promoting consumer interests.<sup>5</sup> In its comments, AT&T claims that if the Commission believes that it needs to continue to monitor service quality, it should rely on consumer surveys including those by organizations such as J.D. Power and Associates.<sup>6</sup>

According to AT&T, customers will police the carriers because if service quality deteriorates, customers will switch to a firm offering better service.<sup>7</sup> However, as discussed subsequently in these Reply Comments, DOD/FEA strongly disputes AT&T on this point. Customers will not have information about a sufficient number of competitive alternatives without an effective service quality monitoring system.

The state's second largest carrier, Verizon California and its Certificated California Affiliates ("Verizon"), has similar views to AT&T. Verizon contends that all Commission-imposed service quality metrics and reporting requirements should be eliminated.<sup>8</sup> Verizon acknowledges that state and federal outage reporting requirements should be maintained, and that the Commission should continue to have

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<sup>5</sup> Opening Comments of AT&T, May 14, 2007, p. 2.

<sup>6</sup> *Id.*, pp. 6-7.

<sup>7</sup> *Id.*, p. 4.

<sup>8</sup> Opening Comments of Verizon, May 14, 2007, p. 2.

investigative powers and operate a formal and an informal compliant process.<sup>9</sup> However, Verizon maintains that if the Commission is “interested in monitoring legacy service quality metrics”, it can reference data filed by carriers with the Federal Communications Commission (“FCC”) under ARMIS.<sup>10</sup> However, as DOD/FEA explains subsequently, these reports are available only for a limited number of carriers, so additional monitoring by the Commission is necessary.

SureWest Telephone (“SureWest”) recommends that the Commission rely on a professionally-designed survey concerning service quality, which would be conducted by an independent third party.<sup>11</sup> SureWest acknowledges the value of the ARMIS reports, but admits that SureWest is not subject to the FCC’s reporting requirements.<sup>12</sup> Moreover, SureWest contends that the California Commission should not impose a corresponding requirement on its operations, because this would “impose a very large additional expense” and would “yield no corresponding benefit” to consumers or to the company.<sup>13</sup> Contrary to SureWest’s claims, however, consumers will benefit by having more information available because the information will help them to reduce their telecommunications costs.

Cbeyond Communications (“Cbeyond”), a competitive LEC, also filed comments on service quality reporting. Cbeyond takes no position on whether incumbent LECs should be required to participate in customer satisfaction surveys.<sup>14</sup> However, Cbeyond argues that competitive LECs should not be required to participate in surveys of business consumers.<sup>15</sup> Cbeyond states that business consumers frequently obtain

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<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> Comments of SureWest, p. 5.

<sup>12</sup> *Id.*, p. 6.

<sup>13</sup> *Id.*

<sup>14</sup> Opening Comments of Cbeyond, May 14, 2007, p. 4.

<sup>15</sup> *Id.*

services with contracts that include penalties for failure to meet service objectives.<sup>16</sup> Moreover, according to Cbeyond, even if business users obtain service outside contracts, they have sufficient bargaining power and expertise to resolve service issues directly with their carriers.<sup>17</sup> DOD/FEA flatly disagrees with Cbeyond's assertion, because more information is extremely helpful to large business users in negotiating and administering contracts.

Several groups of wireless carriers submitted comments addressing service quality monitoring issues. For example, Sprint Communications Company, Time Warner Telecom of California, and several other wireless carriers ("Joint Commenting Parties") have submitted comments emphasizing the extent of competition for wireless services. The Joint Commenting Parties stated that in considering whether to conduct customer surveys, the Commission should note that surveys and reviews are now widely available in the marketplace.<sup>18</sup> In separate, but generally similar comments, CTIA – The Wireless Association ("CTIA") also contends that the Commission should rely on outside surveys. Indeed, CTIA asserts that Commission-conducted surveys could distort the competitive market by leading consumers to believe that a regulatory agency is endorsing one carrier's services over those offered by another provider.<sup>19</sup> Contrary to these claims, DOD/FEA believes that the Commission can and should conduct an unbiased, efficient, and beneficial service quality monitoring program.

### **III. ARMIS REPORTS SHOW DEFICIENCIES IN THE SERVICES PROVIDED BY THE PRINCIPAL LOCAL CARRIERS IN CALIFORNIA.**

Although ARMIS reports are available only for a few LECs in California, it is instructive to examine the results of the most recent Customer Satisfaction Surveys for

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<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> Comments of Joint Commenting Parties, May 14, 2007, p. 3.

<sup>19</sup> Comments of CTIA, May 14, 2007, p. 2.

these few carriers. This review provides information to answer a threshold question: "Is competition in California strong enough to replace Commission surveillance, as most carriers proclaim?" The answer is simply "no" for the reasons discussed in the following paragraphs.

One of the ARMIS reports, the Customer Satisfaction Survey (ARMIS Report 43-06), displays the percentage of customers who are "dissatisfied" with the company's services. Carriers must separately query customers regarding their "dissatisfaction" with installation activities, repair activities, and their contacts with the company's business offices. Each year, carriers report results separately for residence customers, small business customers, and large business customers.

Customer Satisfaction Survey results are reported for FCC "study areas." Reports for three California entities are available:

- AT&T submits a report for all of its California operations in the aggregate;
- Verizon submits a report for the "GTE California" study area; and
- Verizon Northwest submits a report for the "West Coast California" study area.

AT&T's 2006 Customer Satisfaction Survey for California had the following results.<sup>20</sup>

***Installation Activities***

- Surveys of 12,653 small business users showed that 7.45 percent were dissatisfied.
- Surveys of 10,646 residential users showed that 7.08 percent were dissatisfied.

***Repair Activities***

- Surveys of 12,651 small business users showed that 8.35 percent were dissatisfied.

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<sup>20</sup> <<http://svartifoss2.fcc.gov/eafs7/paper/43-06/PaperReport06>>



- Surveys of 10,807 residential users showed that 11.53 percent were dissatisfied.

***Business Office Contacts***

- Surveys of 18,603 small business users showed that 5.55 percent were dissatisfied.
- Surveys of 20,756 residential users showed that 5.83 percent were dissatisfied.

AT&T no longer reports survey results for large business customers by state, but only at an aggregate level.

For GTE California, the 2006 Customer Satisfaction Survey for California had the following results.<sup>21</sup>

***Installation Activities***

- Surveys of 37 large business users showed that 5.41 percent were dissatisfied.
- Surveys of 3,632 small business users showed that 12.47 percent were dissatisfied.
- Surveys of 3,560 residential users showed that 7.28 percent were dissatisfied.

***Repair Activities***

- Surveys of 37 large business users showed that 12.50 percent were dissatisfied.
- Surveys of 3,603 small business users showed that 10.24 percent were dissatisfied.
- Surveys of 3,563 residential users showed that 15.63 percent were dissatisfied.

***Business Office Contacts***

- Surveys of 32 large business users showed that 12.50 percent were dissatisfied.

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<sup>21</sup> *Id.*

- Surveys of 904 small business users showed that 10.62 percent were dissatisfied.
- Surveys of 2,691 residential users showed that 9.36 percent were dissatisfied.

Sample sizes were extremely small for Verizon Northwest's West Coast California study area. Indeed, less than 90 residential users and less than 60 small business users were surveyed by this company. Thus, the survey results do not have statistical significance at the 95 percent confidence level.

From the data above, a total of 5,000 AT&T end users and nearly 2,000 Verizon end users were not satisfied with installation, repair, or business office contacts with their carrier. Moreover, the surveys encompassed only about 100,000 end users for all attributes combined. Incumbent LECs in California provide services to about 20 million lines. Extrapolating results for the sample to the statewide total would indicate over 100,000 users were not satisfied with an important attribute of local service in California. These figures demonstrate the importance of continued Commission monitoring of performance of all California LECs.

Another ARMIS report, the Service Quality Report (ARMIS Report 43-05), is also submitted annually to the FCC by the larger carriers. The Service Quality Report displays data concerning installation and repair intervals, trunk blockages, switch downtime, and other statistics. Data are displayed separately for services to business and residential users, and also for services within and outside Metropolitan Statistical Areas ("MSAs"). The ARMIS 43-05 reports are submitted for study areas in California by the three carriers identified above (AT&T, Verizon, and Verizon Northwest.) In addition, these reports are submitted by Contel, Citizens California – Shasta, Citizens Golden State – California – Colusa, and Citizens Telecom of Tuolumne – California.

One of the service quality parameters in ARMIS Report 43-05 is the number of state complaints per one million lines. Focusing again on the state's largest LEC, AT&T

reported 47 complaints per one million access lines in 2006.<sup>22</sup> This was the highest level of complaints per one million lines that AT&T reported for any state where it operated as the incumbent LEC, except for the very recently merged "BellSouth states".

As with the surveys of customer satisfaction, the Service Quality Reports provide no assurance to DOD/FEA that competition can take the place of regulatory surveillance of service quality in California.

#### **IV. PROPOSALS BY CARRIERS DO NOT PROVIDE SUFFICIENT PROTECTION FOR CONSUMERS IN CALIFORNIA.**

Proposals by carriers in their most recent comments fall short in providing protection for consumers. As DOD/FEA has noted, results of ARMIS Customer Satisfaction Surveys are available only for AT&T, GTE – California, and Verizon Northwest's West Coast California study area. Also, the ARMIS Service Quality study results are available for those carriers, as well as for Contel and three units of Citizens Telecom. Thus, proposals by Verizon, and others that the Commission rely significantly on ARMIS reports will leave many consumers without reliable data to make good choices for telecommunications services. These FCC reports would fail to provide any information for most incumbent LECs, for any competitive LECs, or for any of the firms primarily using non-wireline technologies, including wireless and cable. From DOD/FEA's perspective, it seems very unlikely that competition will ever be able to "regulate" service quality if end users do not have a reliable and comprehensive gauge of the quality of services that the respective competitors are offering.

Moreover, as carriers are trying to convince this Commission to rely exclusively on FCC reports, they are simultaneously trying to convince the FCC to eliminate the very reports on which Californians would rely. The Utility Reform Network ("TURN") submitted comments to this Commission in another proceeding less than a month ago

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<sup>22</sup> <<http://svartifoss2.fcc.gov/eafs7/preset/servicequality/SQRReport-Result.cfm>>

describing these circumstances.<sup>23</sup> TURN explained that the FCC is required to review regulations that apply to providers of telecommunications services every two years in order to determine whether they continue to be in the public interest.<sup>24</sup> Then, TURN noted that during the FCC's 2006 Biennial Review, a number of carrier parties, such as AT&T, Verizon, and a major telecommunications trade group (the U.S. Telecom Association or "USTA"), filed comments with the FCC recommending elimination of many of the FCC's accounting and reporting requirements, including the ARMIS 43-05 Service Quality Report.<sup>25</sup> Fortunately for end users, the FCC has not accepted recommendations to discontinue this ARMIS report.

Additionally, recommendations by AT&T and other carriers that the Commission depend primarily on consumer surveys by independent parties such as J.D. Power and Associates will leave consumers short. The Commission has little or no input to studies or surveys by the independent groups. Reports by these independent parties over which the Commission has no control may have inconsistent formats, or be discontinued by their authors at their own discretion.

Disability Rights Advocates ("DRA") identifies additional shortcomings of surveys. DRA explains that surveys do not provide consumers with objective information about the provider's overall performance.<sup>26</sup> For example, a customer's report that he or she regularly experiences dropped calls from a wireless provider is not too illuminating without information regarding the total level of dropped calls that the carrier has experienced in a month. Similarly, surveys indicating that customers were dissatisfied with the wait for repair of an outage will not convey the average wait for repair. ARMIS Service Quality Reports work hand-in-hand with reports showing results of Customer

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<sup>23</sup> R.05-04-005, Reply Comments of TURN, March 30, 2007.

<sup>24</sup> *Id.*, p. 13.

<sup>25</sup> *Id.*

<sup>26</sup> Opening Comments of DRA, May 14, 2007, p. 5.

Satisfaction Surveys to form a more complete description of performance for local carriers reporting to the FCC.

In addition, CTIA's concern that the Commission cannot conduct service quality surveys that will not bias or influence consumers is simply a red herring. To DOD/FEA, it seems likely that surveys conducted by organizations that are privately funded will be more motivated to sway consumers or present a distorted picture of the competitive landscape than surveys funded by a public agency.

Finally, Cbeyond's claim that business customers should be exempt from participation in customer satisfaction surveys lacks merit. High levels of dissatisfaction of small and large business customers in California, as demonstrated by the ARMIS 43-06 Reports of AT&T and GTE, show that "the bargaining power" and "the expertise" of many business users has not been sufficient to obtain satisfactory service in California. Moreover, the fact that many business users obtain services with contracts does not make information concerning service quality levels offered by competing providers less useful. Indeed, such information is valuable in helping to identify the carrier or carriers with whom to negotiate contracts. Also, some contracts contain provisions that rates remain at or below the "publicly available" rates during their entire term, and enforcement of such conditions is not possible if data on a wide group of offerings cannot be obtained.

**V. THE COMMISSION SHOULD REQUIRE ALL CARRIERS UNDER ITS JURISDICTION TO SUBMIT SERVICE QUALITY DATA FOR CALIFORNIA EVERY YEAR.**

DOD/FEA recommends that the Commission require all carriers under its jurisdiction to submit data on the quality of their telecommunications services. Data should be submitted in a clear format that is readily accessible by all users and interested parties through the Commission's website.

As described previously in these Comments, larger carriers are now required to submit ARMIS Report 43-05 with Service Quality Data and ARMIS Report 43-06 with the results of Customer Satisfaction Surveys annually to the FCC. DOD/FEA urges this Commission to require carriers with these reporting obligations to submit their ARMIS reports in parallel to the California Commission. For the California reports, carriers would be permitted to display data geographically aggregated for all of their operating areas. Thus, Service Quality data would be presented for all AT&T's operations in California and all Verizon's operations in California (including GTE). Similarly, results of Customer Satisfaction Surveys would be displayed for all AT&T's operations in California, all Verizon's operations in California (including GTE), and all operations of the Citizens/Frontier companies in this state. In the California reports, the only reporting detail beyond that in the 2006 FCC filings by these carriers is that AT&T should be required to display data for dissatisfaction of large business customers specifically in California, rather than combining these data with that for other states, as AT&T currently does in its FCC reports.

Consumers will benefit if service quality data is obtained periodically for the largest possible number of carriers in California. A group of small LECs, including Calaveras Telephone Company and 13 additional carriers ("Small LECs") also filed comments on May 14. The Small LECs are presently subject to reporting requirements under California General Order 133-B ("G.O. 133-B") and do not object to continuing this obligation.<sup>27</sup> DOD/FEA recommends that the Commission continue this requirement.

Moreover, to facilitate comparisons among carriers, DOD/FEA recommends that all incumbent local exchange carriers ("LECs") in California follow the reporting requirements of G.O. 133-B. The rules establish reporting levels for installation,

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<sup>27</sup> Comments of Small LECs, May 14, 2007, pp. 2-3.

maintenance and other aspects of the quality of telephone service. Service measures addressed by this order encompass: held primary service orders, installation commitments, customer trouble reports, dial tone speed, dial service observations, toll operator answering time, directory assistance operator answering time, trouble report answering time, and business office answering time. For each of the measures, the rules specify the parameters to be reported, the reporting unit (such as exchange or plant installation center) and the reporting frequency. For most measures, data are compiled monthly and submitted to the Commission quarterly for the designated reporting units.

DOD/FEA believes that the reporting requirements of G.O. 133-B should not pose a burden on any of California's incumbent LECs, since the smallest LECs acknowledge that they are meeting them and that they will continue to follow this procedure. Moreover, the larger incumbent wireline carriers — AT&T, Verizon, Citizens/Frontier, and SureWest — are now providing G.O. 133-B reports to the Commission, according to their responses to the request for information on current reporting procedures. DOD/FEA also recommends larger carriers continue to submit G.O. 133-B reports.

In addition, DOD/FEA urges the Commission to require all certificated competitive LECs using wireline technology to submit information describing the quality of their services in California at least annually so that current information is available to consumers. Moreover, to facilitate comparisons with incumbent carriers, DOD/FEA recommends that the Commission also require competitive LECs to follow the service quality reporting requirements of G.O. 133-B. However, DOD/FEA suggests that the Commission give competitive LECs more latitude by permitting them to submit Service Quality data and conduct Customer Satisfaction Surveys following the procedures

employed for ARMIS Reports 43-05 and 43-06 as an alternative to meeting the requirements of G.O. 133-B.

It is not settled that the Commission has the legal authority to require mobile wireless carriers, VoIP providers, cable telephony providers and other intermodal providers to provide information regarding the quality of their services, or to include this information on a Commission-sponsored website or database. However, DOD/FEA urges the Commission to employ its authority to the greatest extent authorized, and where statutory authority is lacking, to try to persuade as many carriers as possible to provide basic information on the quality of their services in California, in a level of detail commensurate with the scale of their services in this state. As the incumbent LECs have observed, much of the new competition, particularly for services to residential users, is intermodal. If data for carriers relying heavily on these new modes is scarce, neither the Commission nor consumers will have an accurate or complete picture of the quality of telecommunications services being provided by the wide array of telecommunications providers in California.



## VI. CONCLUSION

WHEREFORE, the premises considered, the U.S. Department of Defense and All Other Federal Executive Agencies urge the Commission to adopt the recommendations in these Reply Comments.

Respectfully submitted,



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